

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

13 April 2018

Address
Address
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Address

GKN plc
PO BOX 55
Ipsley House
Ipsley Church Lane
Redditch
Worcestershire
B98 0TL

Dear Participant

GKN plc 2017 Sharesave Plan and the cash and share offer for GKN PLC by Melrose Industries PLC

Options under the GKN plc 2017 Sharesave Plan

As you know, on 17 January 2018, Melrose Industries plc ("**Melrose**") announced the terms of a cash and share offer to acquire the entire issued and to be issued share capital of GKN plc ("**GKN**"), terms of which were contained in an Original Offer Document on 1 February 2018. On 13 March 2018, Melrose then announced increased terms of such offer, and published further terms in an Increased and Final Offer Document (the "**Offer**"). The Offer remains open for acceptance by GKN Shareholders.

On 29 March 2018, Melrose declared its offer to be unconditional as to acceptances. There are further conditions that must be met or waived before the Offer becomes wholly unconditional. If this happens, Melrose can acquire the GKN Shares in respect of which its Offer has been accepted. Melrose currently expects that this will occur on 19 April 2018 (although the relevant date may be earlier or later than this). On the date on which the Offer becomes or is declared wholly unconditional (the "**Unconditional Date**"), control of GKN will pass to Melrose (the "**Acquisition**").

Further information on the Offer is set out in the Original Offer Document dated 1 February 2018 as amended and/or supplemented by the Increased and Final Offer Document dated 13 March 2018 (together the "**Offer Document**") and the prospectus equivalent document dated 13 March 2018 (the "**Prospectus Equivalent Document**"). A copy of the Offer Document and Prospectus Equivalent Document is available on the GKN website <https://www.gkn.com/en/investors/offer-for-gkn-plc/>. You are advised to read the Offer Document and Prospectus Equivalent Document and may request hard copies by contacting Equiniti Limited at Corporate Actions, Aspect House, Spencer Road, Lancing, BN99 6DA or on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909).

A brief explanation of some of the terms used in this letter is given in Appendix B to this letter.

Why are we writing to you?

We are writing to explain how the Acquisition will affect your Sharesave Options. This letter also includes, at Appendix A, the proposal that is being made to you by Melrose under Rule 15 of the City Code on Takeovers and Mergers (the “**Melrose Proposal**”).

Please read everything in this pack. **This pack and its contents are very important.**

If you participate in other GKN share plans you are also being written to separately about the effect of the Acquisition on your subsisting options or awards under those plans. Please read those letters carefully.

How does the Acquisition affect your Sharesave Options?

Normally, you would be entitled to continue saving under your savings contract until the end of your savings contract. At the end of the contract, you would be entitled to either withdraw your savings or use your savings to exercise your Sharesave Options and acquire GKN Shares.

However, as a result of the Acquisition, your Sharesave Options will become exercisable early on the Unconditional Date but you will only be able to exercise your Sharesave Options to the extent of your accumulated savings at the date of exercise (whether that is the Unconditional Date or later – see below). This means that the number of GKN Shares over which you would be entitled to exercise your Sharesave Options will be less than the number of GKN Shares over which your Sharesave Options were originally granted.

If you do not exercise your Sharesave Options on the Unconditional Date, you may exercise your Sharesave Options during a period of one month immediately following the Unconditional Date. If you do not exercise your Sharesave Options during this one month time period then:

- (i) if Melrose does not obtain 90% in value of the GKN Shares to which the Offer relates and 90% or more of the voting rights carried by those shares, you would be entitled to continue saving until the end of your savings contract, and would then be able to exercise your Sharesave Options; but
- (ii) if Melrose does obtain 90% in value of the GKN Shares to which the Offer relates and 90% or more of the voting rights carried by those shares, Melrose will be entitled to compulsorily acquire all remaining GKN Shares (the “**Compulsory Acquisition Procedure**”). In this circumstance, you will have until the end of the Compulsory Acquisition Procedure to exercise your Sharesave Options. If you do not do so, your Sharesave Options will lapse at the end of the Compulsory Acquisition Procedure.

If the Acquisition does not happen for any reason, your Sharesave Options will continue as normal, subject to the rules of the Sharesave.

Appendix C to this letter sets out the tax implications of the exercise of your Sharesave Options.

What is the Melrose Proposal?

Appendix A contains the Melrose Proposal.

If you exercise your Sharesave Options but choose not to accept the Offer, you should be aware that if Melrose holds 75% or more of the GKN Shares in issue, Melrose has stated that it intends to make an application to the London Stock Exchange for the cancellation of the trading of GKN Shares on its main market for listed securities and the UK Listing Authority will be requested to cancel the listing of GKN Shares on the Official List (“**de-listing**”). It is anticipated that the de-

listing will take effect no earlier than 20 Business Days following the later of the Unconditional Date or, provided Melrose has, by virtue of its shareholdings and acceptances of the Offer, acquired GKN Shares carrying 75% or more of the voting rights of GKN, the date on which Melrose has made an announcement of that fact. Melrose has stated that as soon as possible after the de-listing, it intends that GKN will be re-registered as a private limited company. Delisting and the re-registration of GKN as a private limited company will significantly reduce the liquidity and marketability of any GKN Shares not acquired by Melrose. You should also be aware that if the Compulsory Acquisition Procedure is initiated and you exercise or have exercised your Sharesave Options, Melrose will be entitled to acquire your GKN Shares on the terms of the Offer even if you do not accept the Melrose Proposal.

Attachments to this letter

The following are provided as attachments to this letter:

- Appendix A containing the Melrose Proposal
- Appendix B explains some key definitions.
- Appendix C contains GKN's summary of the tax treatment of the exercise of your Sharesave Options.
- Appendix D contains GKN's summary of the choices available

What do I need to do?

1. You should read everything in this pack, the Offer Document and the Prospectus Equivalent Document.
2. If you wish to exercise your Sharesave Options, you should complete the early exercise form enclosed with this letter and return it in the enclosed business return envelope. **Please note that if you would like to accept the Melrose Proposal, there is an additional step you will have to follow (see step 3 below and Appendix A).**
3. If you wish to accept the Melrose Proposal, please read Appendix A for further details on next steps.

Should you exercise your Sharesave Option, your GKN Shares will be transferred to you in the normal course.

If you take no action, your Sharesave Options will lapse at the end of any Compulsory Acquisition Procedure. If your Sharesave Options lapse before you are able to exercise them then whilst you would lose the ability to realise any value from them, you would still be entitled to a repayment of your accumulated savings.

Please see Appendix D for a table containing a summary of actions you can take.

What if you have questions?

If you have any questions that relate to your Sharesave Options, please contact the GKN employee helpline (run by Equiniti) on 0371 384 2966 or (+44 121 415 7144 if calling from outside the United Kingdom. Lines open 8.30am to 5.30pm (UK time) Monday to Friday (excluding public holidays in England and Wales. Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your Sharesave Options or your choices can be provided.

You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition in relation to your Sharesave Options.

Nothing in this pack constitutes financial, tax or legal advice to any holder of shares, share awards or share options in GKN.

If there is a conflict between the information in this letter and appendices and the rules of the Sharesave or any relevant legislation, the rules and the legislation will prevail.

A copy of this letter and the Melrose Proposal can be found at both <https://www.gkn.com/en/investors/offer-for-gkn-plc/> and <https://www.melroseplc.net/investors/proposed-acquisition-of-gkn-plc/>

Important notes to the Melrose Proposal

The GKN Board, which has been so advised by Gleacher Shacklock LLP and UBS Limited as to the financial terms of the Melrose Proposal, consider the terms of the proposal set out in Appendix A to this letter to be fair and reasonable in the context of the Offer. In providing its advice to the board of GKN, Gleacher Shacklock LLP and UBS Limited have taken into account the commercial assessments of the directors of GKN.

The GKN Board recommends that if you exercise your Sharesave Options on or after the Unconditional Date, you accept the Melrose Proposal. You should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising your Sharesave Options.

Yours faithfully



Jos Sclater
Group Finance Director
For and on behalf of GKN plc

Appendix A

The Melrose Proposal

IMPORTANT: This Appendix contains a proposal from Melrose. This proposal has not been made by GKN

Melrose proposes that all persons who hold a Sharesave Option should exercise their Sharesave Option in accordance with the rules of the Sharesave and thereafter accept the Offer. Specifically, you should exercise your Sharesave Options by returning your Early Exercise Form:

- During the period of one-month on and from the Unconditional Date (anticipated to be 19 April 2018); or
- Prior to completion of any Compulsory Acquisition Procedure that Melrose initiates,

and in both cases, accept the Offer as soon as possible following receipt of the Offer Document and the accompanying form of acceptance from Melrose.

Please note that you should follow the instructions in the Offer Document and the accompanying form of acceptance to accept the Offer and that exercise of your Sharesave Option will not automatically result in acceptance of the Melrose Proposal.

The terms of the Acquisition are set out in full in the Offer Document. However, in summary, should you accept the Offer, you will be entitled to receive:

81 pence in cash; and 1.69 New Melrose Shares per GKN Share you own

If you accept the Offer, you will receive the resulting New Melrose Shares and cash within 14 days of accepting the Offer. You will also receive a share certificate in respect of the New Melrose Shares.

What if I have questions?

If you have questions on the proposal in this Appendix A, please speak to Equiniti Limited at Corporate Actions, Aspect House, Spencer Road, Lancing, BN99 6DA or on 0333 207 6524 (or from outside the United Kingdom on +44 121 415 0909). Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (excluding English and Welsh public holidays). Equiniti Limited cannot provide advice on the merits of the Offer not give any financial, legal or tax advice.

Appendix B

A brief explanation of some definitions

“**GKN**” means GKN Plc;

“**GKN Board**” means the board of directors of GKN;

“**GKN Group**” means GKN and its subsidiaries and subsidiary undertakings from time to time;

“**GKN Shareholders**” means holders of GKN Shares;

“**GKN Shares**” means ordinary shares of 10p each in the capital of GKN;

“**HMRC**” means HM Revenue and Customs;

“**Melrose**” means Melrose Industries plc;

“**Melrose Group**” means Melrose and its subsidiaries and subsidiary undertakings from time to time;

“**New Melrose Shares**” means the new ordinary shares of 48/7 pence each in the capital of Melrose from time to time proposed to be issued to Eligible GKN Shareholders (as defined in the Offer Document) pursuant to the terms of the Offer;

“**Offer Document**” means the Original Offer Document dated 1 February 2018 as amended and/or supplemented by the Increased and Final Offer Document dated 13 March 2018;

“**Sharesave**” means the GKN Plc 2017 Sharesave Plan, as amended; and

“**Sharesave Options/Options**” means options over GKN Shares granted to employees and former employees of GKN and its subsidiaries under the Sharesave.

Appendix C

Tax summary

This summary is based on current legislation and HMRC practice at the date of this letter, which is subject to change in the future. It assumes that you are domiciled and resident in the United Kingdom for tax purposes at all relevant times and have been from the date of grant of your Sharesave Options. The information contained in this summary is intended as a guide only and is not a full description of all the circumstances in which a taxation liability may occur.

If you are in any doubt as to your tax position or if you are not resident and domiciled in the United Kingdom or were not so resident and domiciled at the date of grant of your Sharesave Options, you should consult an appropriate professional adviser. You should also remember that tax law can and often does change and you should not necessarily assume the current tax position will continue.

1. Exercise of Sharesave Options

If you exercise your Sharesave Options, then, regardless of whether you accept Melrose's proposal, you will be subject to income tax on the difference between the market value of your GKN Shares and the exercise price payable. You will be required to account for any income tax liability through your tax return under the self-assessment system. No liability to pay National Insurance Contributions should arise on exercise.

2. Sale of GKN Shares to Melrose

If you accept Melrose's proposal, you may be treated as having made a disposal for Capital Gains Tax (CGT) purposes. A CGT charge may arise depending on your personal circumstances although we would expect any gain to be small. You are required to account for any CGT liabilities arising through your tax return under the self-assessment system.

Appendix D
Summary of choices

Choice	Consequence
Use your accumulated savings to exercise your Sharesave Options on the Unconditional Date and accept the Melrose Proposal	You will receive GKN Shares shortly after the Unconditional Date but will stop saving on the Unconditional Date. This is expected to incur a charge to income tax which you would need to deal with through self-assessment. Under the Melrose Proposal, Melrose will then extend the Offer to you. You must follow the instructions in the documents sent to you to accept the Offer. If you accept the Offer, you will receive 1.69 New Melrose Shares and 81p for each GKN Share you acquired on exercise of your Sharesave Options.
Use your accumulated savings to exercise your Sharesave Options after the Unconditional Date and accept the Melrose Proposal	You will continue to save under your savings contract until the date on which you exercise, and will receive GKN Shares shortly after that date. This is expected to incur a charge to income tax which you would need to deal with through self-assessment. Under the Melrose Proposal, Melrose will then extend the Offer to you. You must follow the instructions in the documents sent to you to accept the Offer. If you accept the Offer, you will receive 1.69 New Melrose Shares and 81p for each GKN Share you acquired on exercise of your Sharesave Options.
Use your accumulated savings to exercise your Sharesave Options either on or after the Unconditional Date but do not accept the Melrose Proposal	<p>You will receive GKN Shares shortly after the date on which you exercise but will stop saving on the date on which you exercise. This is expected to incur a charge to income tax which you would need to deal with through self-assessment.</p> <p>However, if Melrose initiates the Compulsory Acquisition Procedure, it will be entitled to acquire all outstanding issued GKN Shares on the terms of the Offer even if you have not accepted the Offer.</p>
Do nothing	Your Sharesave Options will cease to be exercisable one month from the Unconditional Date. If Melrose initiates the Compulsory Acquisition Procedure, your Sharesave Options will be exercisable prior to completion of this procedure, but will lapse at the end of

this procedure. In the event that your Sharesave Options lapse, your accumulated savings will be returned to you.

This letter has been prepared for the purposes of complying with English law and the information disclosed herein may not be the same as that which would have been disclosed if this Letter had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom. The distribution of this document (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

UBS Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for GKN and no one else in connection with the Acquisition and will not be responsible to anyone other than GKN for providing the protections afforded to clients of UBS Limited, or for providing advice in connection with the Acquisition or any matter referred to herein.

UBS Limited has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

Gleacher Shacklock LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for GKN and for no one else in connection with the Acquisition and will not be responsible to anyone other than GKN for providing the protections afforded to its clients or for providing advice in connection with the Acquisition or the proposals described in this document. Neither Gleacher Shacklock LLP nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Gleacher Shacklock LLP in connection with the Acquisition or the proposals described in this document.

Gleacher Shacklock LLP has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any securities by any person in any jurisdiction (a) in which such offer or invitation is not authorised, (b) in which the person making such offer or invitation is not qualified to do so, or (c) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or where the making of such offer, solicitation or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on GKN, Melrose or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither GKN nor Melrose nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

The GKN Directors, whose names are set out in the paragraph 3 of Appendix III of the Defence Document dated 15 February 2018, accept responsibility for the information contained in this letter (including, without limitation, all information in respect of GKN which had been incorporated by reference in this document), except for that information for which the Melrose Directors accept responsibility. To the best of the knowledge and belief of the GKN Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which

it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Melrose Directors, whose names are set out in paragraph 2(a) of Part 4 of the Original Offer Document dated 1 February 2018, accept responsibility for the information contained in this letter relating to the Melrose Proposal and to the Melrose Group (including, without limitation, all information in respect of the Melrose Group which has been incorporated by reference in this document) and the Melrose Directors, their close relatives, related trusts and other connected persons and persons acting in concert with Melrose. To the best of the knowledge and belief of the Melrose Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

All acceptances in respect of the Melrose Proposal will be irrevocable.

Your Sharesave Options are governed by the GKN plc 2017 Sharesave Plan, as amended. If there is any inconsistency between those rules and this letter, those rules and the applicable legislation will prevail.

Any form to exercise your Sharesave Options, including the instructions and notes therein, shall be deemed an integral part of this letter.

Accidental omission to despatch this letter to, or failure to receive the same by, any person to whom the Melrose Proposal is made or should be made, shall not invalidate the Melrose Proposal in any way.

The proposals set out in this letter and any acceptance of any or all of them shall be governed by and construed in accordance with English law.